

TO ALL KNOWN CREDITORS

10 December 2019

Ref: RHK/CGJK/JL/21

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Dear Sirs

**City Link Limited - in Compulsory Liquidation (formerly in Administration) ("the Company")**

**Company number: 01080872**

**Name of Court and reference number: The High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies List; Case: CR-2019-006659**

I write to give notice that on 20 November 2019, following the restoration of the Company to the Register of Companies, a winding up order was made against the Company in the High Court of Justice, Business and Property Courts of England and Wales, on a petition presented on 1<sup>st</sup> October 2019 by BECAP12 GP Limited (as General Partner of BECAP12 GP LP, as General Partner of BECAP 12 Fund LP, the Company's secured creditor) ("the Petitioner").

Simultaneously, the Court appointed R H Kelly and me as Joint Liquidators of the Company.

Under the terms of the appointment, any act required or authorised under any enactment to be done by the Joint Liquidators can be done by either of them acting alone or both acting jointly.

As licensed insolvency practitioners, we are bound by the Insolvency Code of Ethics when carrying out all professional work relating to the liquidation.

### **Purpose of the Liquidation**

As you may be aware, the Company was previously placed into administration on 24 December 2014 and R H Kelly, T Lukic and I were appointed to act as administrators. On 18 April 2017, T Lukic resigned as an Administrator of the Company and J P Sumpton was appointed on the same day. This was due to T Lukic leaving the partnership of Ernst & Young LLP. On 21 December 2018 we registered with Companies House a notice of move from administration to dissolution. The Company was subsequently dissolved on 14 April 2019.

During the course of the administration, preferential creditors were paid in full and distributions totalling £22.9m were paid to the secured creditor of the Company. Unsecured (non-preferential) creditors received payment from the prescribed part which totalled £0.6m before costs of distribution, equating to a dividend of 0.74p in the £. Please refer to the Administrators' final progress report dated 18 December 2018 for further detail. At the end of the administration, we gave notice that we were not aware of any further assets of the Company still to be realised.

A potential opportunity has subsequently arisen for further recoveries to be made for the Company from the pursuit of a legal claim that was previously assigned to Manolete Partners plc ("Manolete") during the Administration for a fixed sum payment. Therefore, the purpose of the liquidation and requirement for the Company to be restored to the Register of Companies is to provide support to the legal claim which may enable a further distribution to creditors of the Company. Manolete, who purchased the full rights and future proceeds of the legal claim during the Administration (please see our progress reports during the administration further detail), have agreed to set aside a proportion of any realisations for the Company subject to the Company's ongoing support of the claim (principally by making information requests of relevant parties).

Manolete have agreed that they will underwrite the costs of the liquidation (including the Joint Liquidators' remuneration) up to the point where any claim proceeds are received. From thereon in, the costs of paying a dividend, etc., are to be met from any realisations. If there are no realisations, Manolete will also meet the costs of closing the liquidation (including the Joint Liquidators' remuneration).

### **Liquidation committee**

At this time, the Joint Liquidators do not propose to seek a decision from creditors and contributories for the purpose of establishing a liquidation committee and note that no committee was requested during the administration of the Company.

However, the Joint Liquidators, in accordance with section 141(3B) of the Insolvency Act 1986, will be obliged to seek a decision as to whether a liquidation committee should be established if it is requested by creditors of the Company whose debts amount to at least one-tenth in value of the total debts of the Company.

### **Creditors' claims**

As the liquidation did not immediately follow the administration of the Company, in accordance with Rule 14.1(3) of the Insolvency Rules 2016, creditors are required to prove their debts in the liquidation in order to participate in any potential Prescribed Part distribution (see below).

However, given the inherent uncertainty of any realisations and subsequent distribution, the Joint Liquidators do not require that creditors submit their claims at this stage. The Joint Liquidators will write to creditors with further details once the position has developed sufficiently.

### **Dividend prospects and the Prescribed Part**

It is difficult at this early stage in the liquidation to forecast the quantum and timing of any potential realisations and therefore estimate any dividend prospects. However, due to the anticipated shortfall to the secured creditor, the only distribution available to unsecured creditors will be by virtue of the Prescribed Part.

The Prescribed Part is a proportion of floating charge assets set aside for unsecured creditors pursuant to section 176A of the Insolvency Act 1986. The Prescribed Part applies to floating charges created on or after 15 September 2003.

## Joint Liquidators' remuneration

As detailed previously, Manolete have agreed that they will underwrite the Joint Liquidators' remuneration up to the point where any claim proceeds are received. Manolete will also meet the Joint Liquidators' remuneration for closing the liquidation should no claim proceeds materialise.

The Joint Liquidators' remuneration, therefore, will only be payable from the Company's assets should claim proceeds be received by the Company.

If proceeds are received, at that time and in accordance with Rule 18.20 of the Insolvency Rules 2016, the Joint Liquidators will seek that their remuneration for work to be conducted thereon in (primarily adjudicating creditor claims, making distributions, statutory duties, etc.) is fixed by a decision of the creditors by written correspondence. The Joint Liquidators will write to creditors with further details on this matter once the likely outcome of the liquidation is better known.

## Opting out

Under the provisions of Rule 1.39 of the Insolvency (England and Wales) Rules 2016 (the Rules), creditors have the right to elect to opt out of receiving some further documents relating to the liquidation.

Please note that if you do elect to opt out, you will still receive the following documents:

- Any which the Insolvency Act requires to be delivered without expressly excluding opted-out creditors;
- Notice relating to a change in the liquidators, or their contact details;
- Notice of dividend or proposed dividend; or
- A notice which the court orders to be sent to all creditors, or all creditors of the particular category to which you belong.

Any election to opt-out will not affect your entitlement to receive dividends, if any are paid.

Unless the Rules provide to the contrary, opting-out will not affect your rights to vote in a decision procedure or participate in a deemed consent procedure, although you would not receive notice of such procedures.

Any opted-out creditors will be treated as opted out in respect of any consecutive insolvency procedure which might follow the liquidation.

You may opt-out by delivering an authenticated (e.g. signed) and dated notice to me stating that you are electing to be an opted-out creditor in relation to this liquidation. You may at any time revoke this election by delivering to me an authenticated and dated notice stating that you no longer wish to be an opted-out creditor.

## Notification that future documents will be made available on a website

Please be advised that future documents in the liquidation, other than those described below, will be made available for viewing and downloading at the following web address

[https://www.ey.com/en\\_uk/ey-city-link-liquidation](https://www.ey.com/en_uk/ey-city-link-liquidation) without any further notification from me.

I will not be obliged to deliver (i.e. send) any such documents to you, unless specifically requested by you.

You may at any time request a hard copy of any or all of the following:

- All documents currently available for viewing on the web site; and
- All future documents which may be made available there.

If you do wish to receive a hard copy of the document(s), please either telephone or email John Louden, or write to me, using the contact details at the top of this letter and a copy will be sent to you.

The following documents will still be delivered by post:

- Any document for which personal delivery is required;
- Any notice of intention to declare a dividend; and
- Any document which is not delivered generally (e.g., which is not sent to all known creditors or members).

### Other matters

I will report to all creditors again in approximately 12 months or at the conclusion of the liquidation, whichever is sooner.

Yours faithfully  
for the Company



C G J King  
Joint Liquidator

Robert Hunter Kelly is licensed in the United Kingdom to act as an insolvency practitioner by The Institute of Chartered Accountants of Scotland, Charles Graham John King is licensed in the United Kingdom to act as an insolvency practitioner by The Institute of Chartered Accountants in England and Wales

The Joint Liquidators may act as data controllers of personal data as defined by the General Data Protection Regulation 2016/679, depending upon the specific processing activities undertaken. Ernst & Young LLP and/or the Company may act as a data processor on the instructions of the Joint Liquidators. Personal data will be kept secure and processed only for matters relating to the Joint Liquidators' appointment. The Office Holder Data Privacy Notice can be found at [www.ey.com/uk/officeholderprivacy](http://www.ey.com/uk/officeholderprivacy).